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## Cote d'Ivoire

## Cotton and Products

## Annual

## 2001

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### Report Highlights:

Post forecasts increased cotton production in 2001/2002 due to expected expanded area, relatively high producer price, reduced input cost and familiarity with the new cotton variety cultivated. Seed cotton purchases in 2000/2001 were estimated at 280,780 MT. Local fiber consumption is expected to continue to fall in 2000/2001 due to the socio-political malaise prevailing in the country. Fiber exports fell in 2000/2001 due to reduced supply. A new gin has been inaugurated bringing total Cote d'Ivoire's ginning capacity to 460,000 MT seed cotton.

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Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Abidjan [IV1], IV

Production .....	<a href="#">2</a>
Consumption .....	<a href="#">4</a>
Trade .....	<a href="#">4</a>
Stocks .....	<a href="#">7</a>
Privatization .....	<a href="#">7</a>

## Executive Summary

Post forecasts increased cotton production in 2001/2002 due to expected expanded area, relatively high producer price, reduced input cost and familiarity with the new cotton variety cultivated. The increase in producer price, the government decision to waive the Value Added Tax on agricultural inputs during the 2000/2001 crop year and the bad performance of competing crops are expected to be the major factors encouraging farmers to expand area.

Field visits indicate that planting started in mid-May and other fields are in the preparation stage. Rainfall has been irregular.

The 2000/2001 marketing year ended April 21, 2001 and seed cotton purchases were estimated at 280,780 MT. However, the farmers cooperative (URESCOCI) estimates at 287,000 MT. Seed cotton purchases in 1999/2000 were 399,467 MT. The fall in production was due to late planting; reduced area cultivated; low use of inputs resulting from high input cost; premature stop of the rain and doubt on the producer price.

Local fiber consumption fell in 1999/2000 and is expected to continue to fall in 2000/2001 due to the socio-political malaise prevailing in the country coupled with structural difficulties facing the industry. Since the coup d'etat of December 24, 1999, the political situation remains unstable, the economy is on downward trend and demand restrained. The restructuring program since 1996, has permitted the renovation of equipment and increased production capacity. However, new investments have been suspended mainly in the weaving and stretch out. The financial situation of the industry limits the capacity of self financing and external support by donor countries remains frozen. Cote d'Ivoire is not at present eligible for the enhanced access to the U.S. market of the African Growth Opportunity Act (AGOA).

Fiber exports fell in 2000/2001 due to reduced supply and low world market export price. Exports are expected to rise in 2001/2002 due to increased supply.

On May 26, 2001, LCCI, one of the privatized cotton company, inaugurated its new ginning factory at Mbengue, north of Mbengue. It has a ginning capacity of 100, 000 MT of seed cotton and brings total Cote d'Ivoire's annual ginning capacity to 460,000 MT of seed cotton.

Exchange Rate: U.S. \$1 = 775 F CFA on June 1, 2000.

PSD Table						
Country	Cote d'Ivoire					
Commodity	Cotton				(HECTARES)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		08/1999		08/2000		08/2001
Area Planted	291400	291457	252000	248363	0	300000
Area Harvested	291400	291457	252000	248363	0	300000
Beginning Stocks	56385	56385	65951	48956	0	22756
Production	172536	172570	140000	122800	0	180000
Imports	30	30	0	0	0	0
TOTAL SUPPLY	228951	228985	205951	171756	0	202756
Exports	140000	160029	160000	130000	0	165000
USE Dom. Consumption	23000	20000	22000	19000	0	18000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	23000	20000	22000	19000	0	18000
Ending Stocks	65951	48956	23951	22756	0	19756
TOTAL DISTRIBUTION	228951	228985	205951	171756	0	202756

## Production

Post forecasts increased cotton production in 2001/2002 due to expected expanded area, relatively high producer price, reduced input cost and familiarity with the new cotton variety cultivated. A key to farmers' decision to increase planted acreage was the adoption of a producer price formula (IV0019) which strengthened real and anticipated producer prices. This coupled with the fall in prices of competitor crops like mangoes and cashew nuts has brightened cotton's appeal to farmers. In addition the government decision to waive the Value Added Tax of 20% on agricultural inputs, has reduced substantially the cost of fertilizer and insecticides. This decision is expected to encourage increased input utilization indispensable for the proper development of the newest cotton variety. This new cotton, R405-5, is in its third year of massive cultivation and farmers are mastering its production characteristics.

Field visits indicate that planting had just started in mid-May on most farms. Others are still on field preparation stage. Rainfall has been irregular. Most areas have received less than three rainfalls since the beginning of May.

The 2000/2001 marketing year ended on April 21, 2001 and seed cotton purchases were estimated at 280,780 MT. The farmers cooperative (URESCOCI) estimate is at 287,000 MT. Comparative total crop for 1999/2000 was estimated at 399,467 MT. The fall in production was due to late planting, reduced area cultivated, low use of inputs resulting from high input cost, early stop of the rain in October while some bolls had not attained

maturity, and producer price. With the exception of a minor strike between farmers and one of the ginning companies ( LCCI) on non-payment of seed cotton delivered to it, the 2000/2001 marketing year has been a relatively peaceful one, particularly since for the past five years at the beginning of each marketing year deliveries were held up due to disagreement on producer prices and seed cotton classification. The LCCI, however, reached agreement with farmers and it currently claims to have paid all its debt owed to farmers. During the strike farmers diverted about 28,450 MT of seed cotton to another ginning company, the Nouvelle CIDT, from the LCCI production zone.

Producer price held steady at 210 F CFA/kg for grade 1 seed cotton and 180 F CFA/kg for grade 2 seed cotton during the 2000/2001 marketing year. The producer price of seed cotton for 2001/2002 will be fixed in October 2001. With the current low world market price of cotton, it is likely that the producer price will drop.

The quality of seed cotton improved in 2000/2001 because of the variety of seed cotton produced, little rain during the harvesting period and reduced period of on-farm storage. The first grade seed cotton was estimated at 72 percent and second grade at 28 percent compared to 44 percent first grade and 56 percent second grade in 1999/2000. Fiber quality also improved. About 61.58 percent was classified as high quality, 37.19 percent as standard and 1.24 percent as inferior compared to 52 percent high quality, 48 percent standard and 1.2 percent inferior in 1999/2000.

Seed cotton yield fell from 1,338 kg/ha in 1999/2000 to 1,156 kg/ha in 2000/2001 due to low chemical input application, drought condition during the growing period and farmers' unfamiliarity with the new cotton variety, R 405-5 . This variety accounts for about 90 percent of the area cultivated and requires consistent chemical input application for better yields. Other less significant varieties include ISA 268, Bulk 89A and Bulk SR. Due to expected favorable production environment in 2001/2002, Post expects yields to rise to 1,380kg/ha.

During the 2000/2001 crop, the government waived the Value Added Tax on agricultural inputs and this reduced cotton input cost as follows:

Chemical Input Cost (F CFA/50 kg bag)

	1999/2000	2000/2001
Potassium Nitrate (NPK)	10,500	9,000
Urea	9,750	6,500
Insecticides (per liter)	4,935	4,530

Insecticides used include Endosulfan, Endocoton, Rocky, Caiman and Cotofan.

## Consumption

Local fiber consumption fell in 1999/2000 and is expected to continue to fall in 2000/2001 due to the socio-political malaise prevailing in the country coupled with structural difficulties facing the industry. Since the coup d'état of December 24, 1999, the political situation remains unstable, the economy is on downward trend and demand restrained. Liberalization of the cotton sector, increase in the price of petroleum products and the rising value of the dollar has rendered the Ivorian textile sector uncompetitive with other producers in the subregion which continue receiving governmental support. The situation is worsened by the increase in the Value Added Tax from 11 percent to 20 percent on textile products and the adoption of a common external tariff by French West African Economic Union (UEMOA). These and fraudulent imports have worked to narrow the market for Ivorian products by two-thirds. Fraudulent imports of print cloth from Asian countries have reduced domestic sales of print materials by 30 to 40 percent. The three companies composing the spinning and weaving industry, Texicodi, Utexi and Gonfreville (FTG) have reduced their activities. Gonfreville started reducing its workforce three years ago.

The restructuring program since 1996, has permitted the renovation of equipment and increased the production capacity. However, new investments have been suspended mainly in the weaving and stretch out. The financial situation of the industry limits the capacity of self financing and external support by donor countries remain frozen.

## Trade

Fiber exports fell in 2000/2001 due to reduced supply and low world market export price. Exports are expected to rise in 2001/2002 due to increased supply.

Fiber imports in CY 2000 were small about 44 MT and were mainly from Mali.

At present, Cote d'Ivoire is not eligible for U.S. tariff reductions under the Africa Growth and Opportunity Act (AGOA).

Export Trade Matrix			
Country	Cote d'Ivoire		
Commodity	Cotton		
Time period	8/99-7/00	Units:	
Exports for:	2000		2001
U.S.	0	U.S.	
Others		Others	
France	1279	France	2365
Portugal	1527	Portugal	1218
Italy	4684	Italy	1941
Thailand	10966	Thailand	2786
Indonesia	30986	Indonesia	8497
Malaysia	11068	Malaysia	3692
Taiwan	44378	Taiwan	8571
Brazil	23000	Belgium	3814
India	20687	India	10273
Bangladesh	3621	Turkey	4235
Total for Others	152196		47392
Others not Listed	7833		8671
Grand Total	160029		56063

NB: Trade Matrix for 2000 is from August 1999 to July 2000 and that of 2001 is from August 2000 to December 2000.

## Cotton Fabric Exports (MT)

	1999	2000
France	2,083	2,281
Belgium	2,788	2,427
Italy	2,274	1,934
U.K.	506	509
Benin	132	324
Mali	12	180
Niger	128	220
Others	560	718
Total	8,483	8,593

## Cotton Yarn Exports (MT)

	1999	2000
Spain	195	607
France	77	448
Portugal	59	372
Belgium	62	33
Mali	26	27
Burkina Faso	216	197
Guinea	120	100
Others	33	36
Total	788	1,820

## Cotton Fabric Imports (MT)

	1999	2000
India	1,776	2,425
China	1,275	101
Portugal	33	22
Netherlands	132	38
Morocco	142	157
Others	390	221
Total	3,748	2,964

**Stocks**

Stocks fell in 1999/2000 due to increased exports and is estimated to fall further in 2000/2001 due to reduced supply level. Despite expected increased supply in 2001/2002, Post forecasts reduced stocks level because of expected increased exports.

**Privatization**

Privatization of the last block of CIDT, the Nouvelle CIDT, is in a stalemate. In 2000, the then military government decided to sell it directly to the farmers cooperative at a cost of 16 billion F CFA. However, the sale could not be finalized before the government changeover in October 2000. The new government maintains the same proposal but demands a down payment of the total amount before any transactions. The farmers cooperative wants payment to be made in several instalments. It seems the government is not enthusiastic about the farmers' proposals.

On May 26, 2001, LCCI, one of the privatized cotton company, inaugurated its new ginning factory at Mbengue, north of Mbengue. It has a ginning capacity of 100, 000 MT of seed cotton and brings total Cote d'Ivoire's annual ginning capacity to 460,000 MT of seed cotton.